



Securities and Exchange Commission
Trading and Markets

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-48198

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2018 AND ENDING 12/31/2018
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Atlantic-Pacific Capital Inc

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

102 Greenwich Avenue, 2nd Floor

(No. and Street)

Greenwich

CT

06830

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Anthony Bossone

203-861-5480

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Reynolds & Rowella, LLP

(Name - if individual, state last, first, middle name)

51 Locust Avenue

New Canaan

CT

06840

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

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information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Anthony Bossone, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Atlantic-Pacific Capital Inc, as of December 31, 2018, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

JASPER K. MUI
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 2020

Anthony Bossone
Signature

Chief Financial Officer

Title

Jasper K. Mui
Notary Public

This report ** contains (check all applicable boxes):

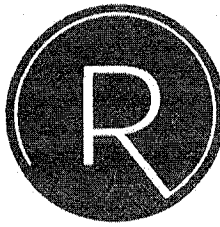
- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Atlantic-Pacific Capital, Inc.
Consolidated Financial Statements
and Supplemental Information
December 31, 2018

Atlantic-Pacific Capital, Inc.
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For the Year Ended December 31, 2018

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REYNOLDS + ROWELLA

ACCOUNTING AND CONSULTING

Report of Independent Registered Public Accounting Firm

To the Stockholder and Sole Director
of Atlantic-Pacific Capital, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial condition of Atlantic-Pacific Capital, Inc. and Subsidiaries (collectively the "Company") as of December 31, 2018, and the related consolidated statements of operations, comprehensive loss, changes in stockholder's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Atlantic-Pacific Capital, Inc. and Subsidiaries as of December 31, 2018, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

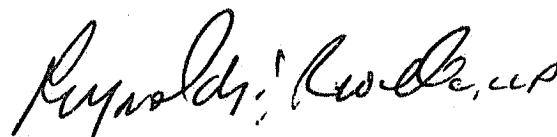
These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The supplemental information, Unconsolidated Computation of Net Capital Pursuant to SEC Rule 15c3-1, Unconsolidated Computation for Determination of Reserve Requirements and Information Relating to Possession or Control Requirements Pursuant to SEC Rule 15c3-3 and Reconciliation of Audited Consolidated Statement of Financial Condition to the Atlantic-Pacific Capital, Inc. Unconsolidated Statement of Financial Condition has been subjected to audit procedures performed in conjunction with the audit of the Company's consolidated financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the consolidated financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information,

Unconsolidated Computation of Net Capital Pursuant to SEC Rule 15c3-1, Unconsolidated Computation for Determination of Reserve Requirements and Information Relating to Possession or Control Requirements Pursuant to SEC Rule 15c3-3 and Reconciliation of Audited Consolidated Statement of Financial Condition to the Atlantic-Pacific Capital, Inc. Unconsolidated Statement of Financial Condition is fairly stated, in all material respects, in relation to the financial statements as a whole.



Reynolds + Rowella, LLP

We have served as Atlantic-Pacific Capital Inc. and Subsidiaries' auditor since 2004.

New Canaan, Connecticut

February 25, 2019

Atlantic-Pacific Capital, Inc.
Consolidated Statement of Financial Condition
As of December 31, 2018

Assets

Current assets

Cash	\$ 12,779,834
Placement fees receivable, net of allowance for doubtful accounts of \$305,000	8,895,056
Due from funds, net of allowance for doubtful accounts of \$169,438	261,599
Other current assets	125,196

Total current assets

22,061,685

Placement fees receivable	2,183,798
Defined benefit plan assets	300,163
Property and equipment, net	198,333
Other assets	41,589

Total assets

\$ 24,785,568

Liabilities and stockholder's equity

Current liabilities

Accounts payable and accrued expenses	\$ 2,182,533
Deferred revenue	726,962

Total current liabilities

2,909,495

Long term liability

Deferred tax	158,000
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Total liabilities

3,067,495

Stockholder's equity

Common stock	1
Additional paid-in-capital	178,610
Retained earnings	19,339,491
Accumulated other comprehensive income	2,199,971

Total stockholder's equity

21,718,073

Total liabilities and stockholder's equity

\$ 24,785,568

The accompanying notes are an integral part of these financial statements.

Atlantic-Pacific Capital, Inc.
Consolidated Statement of Operations
For the Year Ended December 31, 2018

Revenues

Placement fees	\$ 22,198,245
Client reimbursed expenses revenue	751,812
Interest income	<u>418,091</u>

Total revenues

23,368,148

Operating expenses

Salaries and related benefits	17,516,364
Professional fees	2,213,400
General and administrative	2,030,114
Client reimbursed expenses	751,812
Bad debt expenses	474,438
Travel	366,550
Depreciation and amortization	<u>33,727</u>

Total operating expenses

23,386,405

Loss from operations before income taxes

(18,257)

Income tax provision

160,499

Net loss

\$ (178,756)

The accompanying notes are an integral part of these financial statements.

Atlantic-Pacific Capital, Inc.
Consolidated Statement of Comprehensive Loss
For the Year Ended December 31, 2018

Net loss	<u>\$ (178,756)</u>
Other comprehensive loss	
Foreign currency translation adjustment	(170,995)
Defined benefit pension plan:	
Net loss arising during the period	<u>(458,560)</u>
Other comprehensive loss	<u>(629,555)</u>
Comprehensive loss	<u>\$ (808,311)</u>

The accompanying notes are an integral part of these financial statements.

Atlantic-Pacific Capital, Inc.
Consolidated Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2018

	Common Stock*	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
Balance, December 31, 2017	\$ 1	\$ 178,610	\$ 21,518,247	\$ 2,829,526	\$ 24,526,384
Distributions to owner			(2,000,000)		(2,000,000)
Net loss	-	-	(178,756)	-	(178,756)
Minimum pension liability	-	-	-	(458,560)	(458,560)
Currency translation adjustment	-	-	-	(170,995)	(170,995)
Balance, December 31, 2018	<u>\$ 1</u>	<u>\$ 178,610</u>	<u>\$ 19,339,491</u>	<u>\$ 2,199,971</u>	<u>\$ 21,718,073</u>

* 3,000 shares of common stock have been authorized. 100 shares have been issued and remain outstanding with a par value of \$.01 per share.

The accompanying notes are an integral part of these financial statements.

Atlantic-Pacific Capital, Inc.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2018

Cash flows from operating activities	
Net loss	\$ (178,756)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	33,727
Deferred tax benefit	(22,000)
Bad debt expenses	474,438
Changes in operating assets and liabilities:	
Placement fees receivable, net	5,301,789
Due from funds, net	(37,283)
Defined benefit plan asset	(178,016)
Other assets	262,381
Accounts payable and accrued expenses	725,357
Deferred revenue	256,545
Net cash provided by operating activities	<u>6,638,182</u>
Cash flows from investing activities	
Capital expenditures	<u>(171,301)</u>
Net cash used in investing activities	<u>(171,301)</u>
Cash flows from financing activities	
Distributions to owner	<u>(2,000,000)</u>
Net cash used in financing activities	<u>(2,000,000)</u>
Effect of foreign exchange rates	<u>(170,995)</u>
Net increase in cash	4,295,886
Cash - beginning of year	8,483,948
Cash - end of year	<u>\$ 12,779,834</u>
Supplemental cash flow disclosure:	
Cash paid during the year for:	
Domestic and foreign income taxes	<u>\$ 145,096</u>

The accompanying notes are an integral part of these financial statements.

Atlantic-Pacific Capital, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

1. Nature of Business

Atlantic-Pacific Capital, Inc. (the “Company”) was incorporated in the State of Delaware on February 9, 1995. The Company is a registered broker-dealer subject to certain regulations of the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority. The Company is also a member of the Securities Investor Protection Corporation.

The Company raises capital from institutional investors for interests in private equity limited partnerships (the “Funds”) that are not registered or publicly traded. The Company earns a fee based on a percentage of capital invested or committed to be invested in such Funds. The Company’s agreements with its clients typically include a retainer fee and schedule of fee payments to be made over an extended period of time with interest after acceptance by a Fund of capital or capital commitments.

The Company’s consolidated financial statements include two active wholly-owned subsidiaries, Atlantic-Pacific Capital Limited (“APC Ltd.”) and Atlantic Pacific Capital Asia Limited (“APC Asia Ltd.”). APC Ltd. operates in London, England, is registered with the Financial Conduct Authority, and markets the services of the Company in Europe. APC Asia Ltd. operates in Hong Kong, China, is registered with the Securities and Futures Commission, and markets the services of the Company in Asia. All significant intercompany balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Atlantic-Pacific Capital, Inc. and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America.

Foreign Currency Translation

The Company’s reporting currency is the U.S. Dollar. APC Ltd.’s functional currency is the British Pound, its local currency. APC Asia Ltd.’s functional currency is the Hong Kong Dollar, its local currency. All asset and liability accounts of APC Ltd. and APC Asia Ltd. are translated at year-end exchange rates and income and expenses are translated into U.S. Dollars using weighted average exchange rates. Resulting translation adjustments are reported as a separate component of comprehensive loss on the statement of consolidated comprehensive loss.

Revenue and Expense Recognition

Placement fees are recognized as earned upon acceptance of capital or capital commitments by a Fund. The Company receives non-refundable retainer fees upon execution of agreements with Funds to provide capital raising services which are recorded as deferred revenue on the consolidated statement of financial condition when received. Retainer fees are recognized as revenue when placement fees are earned to the extent those placement fees exceed the amount of retainer fees received and are included in placement fees on the consolidated statement of operations. All other income and expenses are recognized when earned and incurred, respectively.

Placement Fees Receivable, Net

Placement fees receivable are typically due over one to three years commencing upon acceptance of capital or capital commitments by a Fund. Placement fees receivable accrue interest at various

Atlantic-Pacific Capital, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

rates that range from 5% to 9%. The Company recognized \$391,966 of interest income on the unpaid balance for the year ended December 31, 2018. When there is no stated interest rate the Company discounts placement fees receivable balances that extend beyond one year at a rate of 6.65%. Placement fees may be prepaid in whole or in part any time without premium or penalty. The Company recognizes an allowance for uncollectible placement fees by individual account analysis based on the client's ability to pay, willingness to pay and the expected recovery of amounts from applicable collection methods. At December 31, 2018, the Company had an allowance for doubtful accounts balance of \$305,000.

Cash and Cash Equivalents

The Company considers all short term investments with an original maturity of 90 days or less to be cash equivalents.

Net Revenue Participation

Pursuant to the Company's incentive compensation program, certain employees, under specific circumstances, are compensated at awarded percentages of placement fees and interest received less operating expenses incurred during a given calendar year ("net revenue participation"). The awards are approved by management at the beginning of each calendar year. The Company recognizes net revenue participation expense quarterly as earned by the employees and is calculated based on placement fees and interest received less operating expenses incurred by the Company. Such incentive compensation is typically paid within 30 days after the end of each calendar quarter. Net revenue participation expense is included in salaries and related benefits on the consolidated statement of operations and any earned but unpaid incentive compensation is included in accounts payable and accrued expenses on the consolidated statement of financial condition.

Due from Funds, Net

The Company is reimbursed by the Funds for all reasonable travel, telephone, printing, postage and other out-of-pocket expenses incurred in relation to the capital raising services provided. The Company recognizes an allowance for uncollectible reimbursable expenses due from Funds by individual account analysis based on the client's ability to pay, willingness to pay and the expected recovery of amounts from applicable collection methods. At December 31, 2018, the Company had an allowance for doubtful accounts balance of \$169,438.

Property and Equipment, Net

Property and equipment are recorded at cost. Depreciation and amortization are provided using accelerated methods in accordance with accounting principles generally accepted in the United States of America over the estimated useful lives of the assets. Property and equipment consist of the following:

Asset	Life	Carrying Value
Computer equipment and software	3 - 5 years	\$ 329,073
Furniture and fixtures	4 - 7 years	234,813
Leasehold improvements	The lesser of the life of lease or the leasehold improvements	539,867
		<u>1,103,753</u>
Less accumulated depreciation and amortization		<u>(905,420)</u>
Property and equipment, net		<u>\$ 198,333</u>

Atlantic-Pacific Capital, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

Income Taxes

The stand-alone United States entity, Atlantic-Pacific Capital, Inc. ("APC, Inc.") has elected to be taxed under the provisions of subchapter "S" of the Internal Revenue Code. Under those provisions, APC, Inc. does not pay federal income taxes on its taxable income. Instead, the stockholder is liable for individual federal income taxes. Based upon various apportionment factors and state and local income tax laws, APC, Inc. may be liable for income taxes in certain states and cities in which APC, Inc. does business.

APC Ltd. is liable for corporation taxes in the United Kingdom based upon its taxable income.

APC Asia Ltd. is liable for corporation taxes in Hong Kong, a Special Administrative Region of the People's Republic of China, based upon its taxable income.

Management has evaluated and concluded that the Company has taken no uncertain tax positions that require adjustment or disclosure in the financial statements. The Company's 2015 through 2017 tax years are open for examination by federal, state and local tax authorities.

Use of Estimates in Financial Statements

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates in the financial statements include an allowance for doubtful accounts and assumptions used to determine the pension liabilities. Actual results may differ from those estimates.

Fair Value Measurements

The Company records its financial assets and liabilities at fair value. The accounting standard for fair value which provides a framework for measuring fair value clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting standard establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Atlantic-Pacific Capital, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02), which requires lessees to include most leases on the balance sheet. ASU 2016-02 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2018 and early adoption is permitted. The Company has evaluated the impact that the standard will have on its consolidated statement of financial condition and expects that its implementation will result in approximately a \$6 million gross-up on the consolidated statement of financial condition upon recognition of right-of-use assets and lease liabilities associated with the present value of future minimum rental payments required under operating leases as disclosed in Note 5. The Company does not expect any material impact to net capital as the right-of-use assets will be added back to net capital to the extent of the associated liabilities. In addition, the Company does not expect any material impact to its minimum net capital requirement as the lease liabilities will be excluded from aggregate indebtedness to the extent of the associated right-of-use assets.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which is a new comprehensive revenue recognition standard on the financial reporting requirements for revenue from contracts entered into with customers. In July 2015, the FASB deferred this ASU's effective date by one year, to interim and annual periods beginning after December 15, 2017. During 2016, the FASB issued ASU 2016-08, which clarified principal versus agent considerations, ASU 2016-10, which clarified identifying performance obligations and the licensing implementation guidance, and ASU 2016-12, which amended certain aspects of the new revenue recognition standard pursuant to ASU 2014-09. ASU 2014-09 allows for the use of either the retrospective or modified retrospective adoption method. The guidance in ASU 2014-09, and the related amendments, was effective for the Company beginning on January 1, 2018 and the Company adopted this standard on that date under the modified retrospective method and the standard did not have a material impact on the Company's historical pattern of recognizing revenue for placement fees in the Company's consolidated financial statements.

3. Aged Analysis of Placement Fees Receivable, Net

The following table summarizes the aging of the Company's placement fees receivable at December 31, 2018:

	Total Not Past Due (0-29 Days)	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More Past Due	Total Past Due	Total Placement Fees Receivable, Net
Placement fees						
receivable, net	\$ 9,892,854	\$ 836,000	\$ -	\$ 350,000	\$ 1,186,000	\$11,078,854
Total	<u>\$ 9,892,854</u>	<u>\$ 836,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 1,186,000</u>	<u>\$11,078,854</u>

Of the \$11,078,854 in placement fees receivable at December 31, 2018, \$480,383 was made allowable for purposes of computing net capital at December 31, 2018 by an equivalent portion of accrued consultant fees included in accounts payable and accrued expenses on the Company's consolidated statement of financial condition. These accrued consultant fees are due a broker-dealer founded by three former employees of the Company to provide services which is compensated at a contracted percentage of the placement fees earned by the Company on specific Funds.

Atlantic-Pacific Capital, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

4. Provision for Income Taxes

Income taxes consisted of the following at December 31, 2018:

Current tax expense	
APC, Inc.	\$ 122,332
APC Ltd.	44,271
APC Asia Ltd.	15,896
Total current tax expense	<u>182,499</u>
Deferred tax benefit	
APC, Inc.	<u>(22,000)</u>
Total income tax expense	<u>\$ 160,499</u>

APC, Inc. has recorded a deferred tax liability of \$158,000 relating to certain state and city taxes which APC, Inc. is responsible for. APC, Inc.'s deferred tax liabilities primarily result from placement fees receivable.

5. Operating Leases

The Company leases office space in various cities throughout the United States, Europe and Asia under noncancelable operating leases expiring at various dates through April, 2029.

The following is a schedule of future minimum annual lease payments required under these noncancellable operating leases:

Year Ending December 31,	
2019	\$ 914,776
2020	894,239
2021	832,782
2022	447,310
2023	447,310
Thereafter	<u>2,576,579</u>
	<u>\$ 6,112,996</u>

Rent expense for the year ended December 31, 2018 totaled \$939,811. It is reflected on the consolidated statement of operations as a component of general and administrative expenses.

At December 31, 2018, the Company had \$426,232 of outstanding standby letters of credit ("LOCs") issued in lieu of security deposits on two of these operating leases. The LOCs are fully secured by certificates of deposit included in cash on the Company's consolidated statement of financial condition.

Atlantic-Pacific Capital, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

6. Profit Sharing Plan and Pension Plan

The Company (the "Plan Sponsor") sponsors a defined contribution plan covering substantially all of its domestic employees. Contributions at the discretion of the Company are determined as a percentage of each covered employee's compensation and totaled \$389,451 for the year ended December 31, 2018. The Company also contributed to individual retirement accounts for its foreign employees in the United Kingdom and Hong Kong and contributions totaled \$33,738 for the year ended December 31, 2018.

The Company also sponsors a defined benefit pension plan (the "Plan"), covering eligible employees who are 21 years of age with one or more years of service. Pension benefits earned prior to January 1, 2018 were based upon a percentage of the participant's compensation for each year of service, and annually adjusted to reflect investment returns greater than or less than a specified target rate. Effective December 31, 2017, the Plan was amended to eliminate the earning of new benefits under the existing plan formula, though such benefits will continue to be adjusted annually to reflect investment returns. Effective January 1, 2018, additional benefits are earned under a market-based cash balance design where participants are credited annually with an amount equal to a percentage of compensation for each year, adjusted with investment returns on the Plan assets. The Company's funding policy is to contribute the amount required to fully fund the Plan's current liability or the amount necessary to meet the applicable regulations.

The Company's overall investment strategy is to provide a regular and reliable source of income to meet the liquidity needs of the Plan and minimize reliance on the Plan Sponsor contributions as a source of benefit security. The Company's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The target allocation by major asset classes is central to the investment policy. The objective of the target allocation is to ensure assets are invested with the intent to protect Plan assets so that such assets are preserved for the provision of benefits to participants and their beneficiaries and such long-term growth as may maximize the amounts available to provide such benefits without undue risk. Also considered are the weighted average return of capital and historical returns on comparable equity, debt, and other investments. The overall investment strategy is to achieve approximately 50% equity securities, 40% fixed income securities and 10% real asset securities. At December 31, 2018, the Plan's master trust was invested as follows: cash and cash equivalents of 11%, equity securities of 47%, fixed income securities of 36% and real asset securities of 6%.

The Plan's expected return on Plan assets assumption of 5.5% is derived from a review of actual historical returns achieved by the Plan's master trust and anticipated future long-term performance of individual asset classes. While consideration is given to recent trust performance and historical returns, the assumption represents a long-term, prospective return.

Key information relating to the Plan with Plan assets in excess of an accumulated benefit obligation at December 31, 2018 is as follows:

Fair value of Plan assets	\$6,798,927
Projected benefit obligation	\$6,498,764
Accumulated benefit obligation	\$6,498,764

Atlantic-Pacific Capital, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

At December 31, 2018, all of the Plan assets were included in Level 1. The fair values of the Plan assets at December 31, 2018, by asset category are as follows:

Asset Category	Total	Fair Value Measurements at December 31, 2018 Quoted Prices in Active Markets for Identical Assets (Level 1)	
Cash and cash equivalents	\$ 765,672	\$	765,672
Equity securities: ^(a)			
U.S. large-cap	1,393,438		1,393,438
U.S. mid-cap	311,980		311,980
U.S. small-cap	171,447		171,447
International developed markets	833,345		833,345
International emerging markets	469,580		469,580
Fixed income securities: ^(b)			
Domestic	2,257,427		2,257,427
International	178,167		178,167
Real estate securities ^(c)	210,251		210,251
Commodities securities ^(d)	207,620		207,620
Total	\$ 6,798,927	\$	6,798,927

(a) This category is comprised of actively managed and index domestic and international equity mutual funds and exchange traded funds.

(b) This category is comprised of actively managed and index domestic and international bond mutual funds as well as individual corporate bonds.

(c) This category is comprised of an actively managed real estate mutual fund.

(d) This category is comprised of an actively managed commodity mutual fund.

Atlantic-Pacific Capital, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

The components of net periodic benefit cost, assumptions, change in projected benefit obligation, change in Plan assets and the funded status reconciliation for the Plan at December 31, 2018 are as follows:

Components of net periodic benefit cost

Service cost	\$ 1,058,786
Interest cost	307,562
Expected return on Plan assets	(349,071)
Amortization of net gain	(136,848)
Net periodic benefit cost	<u>\$ 880,429</u>

Weighted average assumptions used to determine net periodic benefit cost and benefit obligation

Discount rate at December 31	5.30%
Weighted average rate of compensation increase	n/a
Expected long-term return on Plan assets	5.50%

Change in projected benefit obligation

Benefit obligation at the beginning of the year	\$ 5,573,290
Service cost	1,058,786
Interest cost	307,562
Actuarial gain	(432,747)
Benefits paid	(8,127)
Benefit obligation at the end of the year	<u>\$ 6,498,764</u>

Change in Plan assets

Fair value of the Plan assets at the beginning of the year	\$ 6,153,998
Actual return on Plan assets	(405,388)
Employer contributions	1,058,444
Benefits paid	(8,127)
Fair value of the Plan assets at the end of the year	<u>\$ 6,798,927</u>

Funded status

	<u>\$ 300,163</u>
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Amount recognized in the statement of financial condition

Defined benefit plan asset	<u>\$ 300,163</u>
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The following benefit payments are expected to be paid out of the Plan over the next 10 years ending December 31:

2019	\$ 196,655
2020	194,680
2021	192,588
2022	190,372
2023	188,022
Thereafter to 2028	1,323,931
	<u>\$ 2,286,248</u>

Atlantic-Pacific Capital, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

7. Concentration of Credit Risk

The Company and its subsidiaries maintain cash and savings accounts at two financial institutions. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per insured bank account. At all times during the year, balances exceeded insured limits. The Company has not experienced any losses in the past in these accounts.

The Company derives its revenue from a few clients and there is a concentration of placement fees receivable associated with these clients. At and for the year ended December 31, 2018, approximately 66% of the Company's placement fees receivable and approximately 49% of the Company's placement fees were due and earned, respectively, from three clients.

8. Commitments and Contingencies

In the normal course of business, the Company enters into contracts that contain a variety of representations, warranties and indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve potential future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

The Company may be subject to claims and litigation in the ordinary course of business. In management's opinion, based upon the information available at this time there are no litigation claims against the Company that would have a material impact on the operating results of the Company.

9. Related Party Transactions

The Company's sole stockholder from time to time uses Company resources to provide services to an affiliate also owned by the Company's stockholder. Amounts charged to an affiliate by the Company are at cost and recorded as a reduction of the actual expense incurred. Such amounts charged to the affiliate for the year ended December 31, 2018 totaled \$2,107. The Company has been reimbursed by the affiliate for the full amount.

The same affiliate provided services to the Company in the amount of \$25,000 for the year ended December 31, 2018 which has been recorded as expenses as incurred. The Company has paid the affiliate for the full amount.

An officer of the Company has provided a personal guarantee of an office lease obligation.

10. Customer Securities – Possession and Control Requirements

The Company is exempt from certain provisions of Rule 15c3-3 under paragraph (k)(2)(i) of the Securities Exchange Act of 1934 since it carries no customer accounts, and does not otherwise hold funds or securities of customers.

Atlantic-Pacific Capital, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

11. Net Capital and Aggregate Indebtedness Requirements

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934, which requires the Company to maintain minimum net capital of 6 2/3% of aggregate indebtedness and a ratio of aggregate indebtedness to net capital not exceeding fifteen to one.

At December 31, 2018, the Company had net capital of \$3,526,983 which was \$3,328,767 in excess of the minimum net capital requirement of \$198,216. The Company's ratio of aggregate indebtedness to net capital was 0.843 to 1.0.

Supplemental Information
December 31, 2018

Atlantic-Pacific Capital, Inc.
Unconsolidated Computation of Net Capital Pursuant to SEC Rule 15c3-1
December 31, 2018

Stockholder's equity	\$ 18,105,831
Less: nonallowable assets	
Placement fees receivable, net	10,598,471
Due from affiliate	2,383,750
Investment in affiliates	761,750
Define benefit plan asset	300,163
Due from funds, net	261,599
Other assets	65,365
Property and equipment, net	198,333
Total nonallowable assets	14,569,431
Less: haircuts	9,418
Net capital	\$ 3,526,983
Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	198,216
Excess net capital	\$ 3,328,767
Excess net capital at 1000 percent	\$ 3,229,659
Aggregate indebtedness	
Accounts payable & accrued expenses	\$ 1,720,459
Deferred revenue	726,962
Due to affiliate	525,815
Total aggregate indebtedness	\$ 2,973,236
Ratio: Aggregate indebtedness to net capital	0.843 to 1.0

Reconciliation of Net Capital and Unaudited Net Capital Pursuant to SEC Rule 17a-5(d)(4)
December 31, 2018

The net capital computation above does not differ from the net capital computation filed by the Company per FOCUS Report on January 25, 2019 of \$3,526,983.

Atlantic-Pacific Capital, Inc.

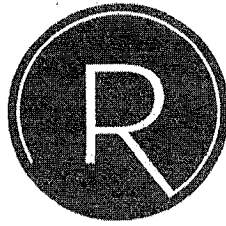
**Unconsolidated Computation for Determination of Reserve Requirements and
Information Relating to Possession or Control Requirements Pursuant to SEC
Rule 15c3-3**

December 31, 2018

The Company is exempt under Rule 15c3-3 (k)(2)(i).

Atlantic-Pacific Capital, Inc.
Reconciliation of Audited Consolidated Statement of
Financial Condition to the Atlantic-Pacific Capital, Inc.
Unconsolidated Statement of Financial Condition
As of December 31, 2018
(in U.S. dollars)

	Audited Consolidated Statement of Financial Condition	Subsidiaries Excluded, Reclassifications, and Eliminations	Pacific Capital, Inc. Unconsolidated Statement of Financial Condition
Assets			
Current assets			
Cash	\$ 12,779,834	\$ (6,592,581)	\$ 6,187,253
Placement fees receivable, net	8,895,056		8,895,056
Due from affiliate	-	2,383,750	2,383,750
Other current assets	125,196	(82,196)	43,000
Due from funds, net	261,599	-	261,599
Total current assets	22,061,685	(4,291,027)	17,770,658
Placement fees receivable	2,183,798	-	2,183,798
Defined benefit plan asset	300,163	-	300,163
Property and equipment, net	198,333	-	198,333
Other assets	41,589	(19,224)	22,365
Investment in affiliates	-	761,750	761,750
Total assets	\$ 24,785,568	\$ (3,548,501)	\$ 21,237,067
Liabilities and stockholder's equity			
Current liabilities			
Accounts payable and accrued expenses	\$ 2,182,533	\$ (462,074)	\$ 1,720,459
Deferred revenue	726,962	-	726,962
Due to affiliate	-	525,815	525,815
Deferred tax	158,000	-	158,000
Total current liabilities	3,067,495	63,741	3,131,236
Total liabilities	3,067,495	63,741	3,131,236
Stockholder's equity	21,718,073	(3,612,242)	18,105,831
Total liabilities and stockholder's equity	\$ 24,785,568	\$ (3,548,501)	\$ 21,237,067



REYNOLDS + ROWELLA
ACCOUNTING AND CONSULTING

Report of Independent Registered Public Accounting Firm

To the Sole Director and Stockholder of
Atlantic-Pacific Capital, Inc.

We have reviewed management's statements, included in the accompanying Atlantic-Pacific Capital, Inc. Exemption Report, in which (1) Atlantic-Pacific Capital, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Atlantic-Pacific Capital, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (the "exemption provisions") and (2) Atlantic-Pacific Capital, Inc. stated that Atlantic-Pacific Capital, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Atlantic-Pacific Capital, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Atlantic-Pacific Capital, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Reynolds + Rowella, LLP

New Canaan, CT

February 25, 2019



Atlantic-Pacific Capital, Inc. Exemption Report

January 15, 2019

SEC Rule 15c3-3

The Company is a registered broker-dealer subject to rule 17a-5 of the Securities and Exchange Commission (SEC). The Company raises capital from institutional investors and accredited investors for interests in private equity limited partnerships (the "Funds") that are not registered or publicly traded. The Company earns a fee based on a percentage of capital invested or committed to be invested in such Funds. The Company does not carry or maintain customer accounts; hold or handle customer funds or securities; accept customer trading orders; or engage in proprietary trading or market-making. To the best of its knowledge and belief, the Company states the following: the Company claims exemption from SEC rule 15c3-3 under the provision of paragraph (k)(2)(i), the Company has met the identified exemption provision through the most recent fiscal year ended December 31, 2018 without exception.

A handwritten signature in black ink that reads "Anthony Bossone".

Anthony Bossone
Chief Financial Officer
Atlantic-Pacific Capital, Inc.